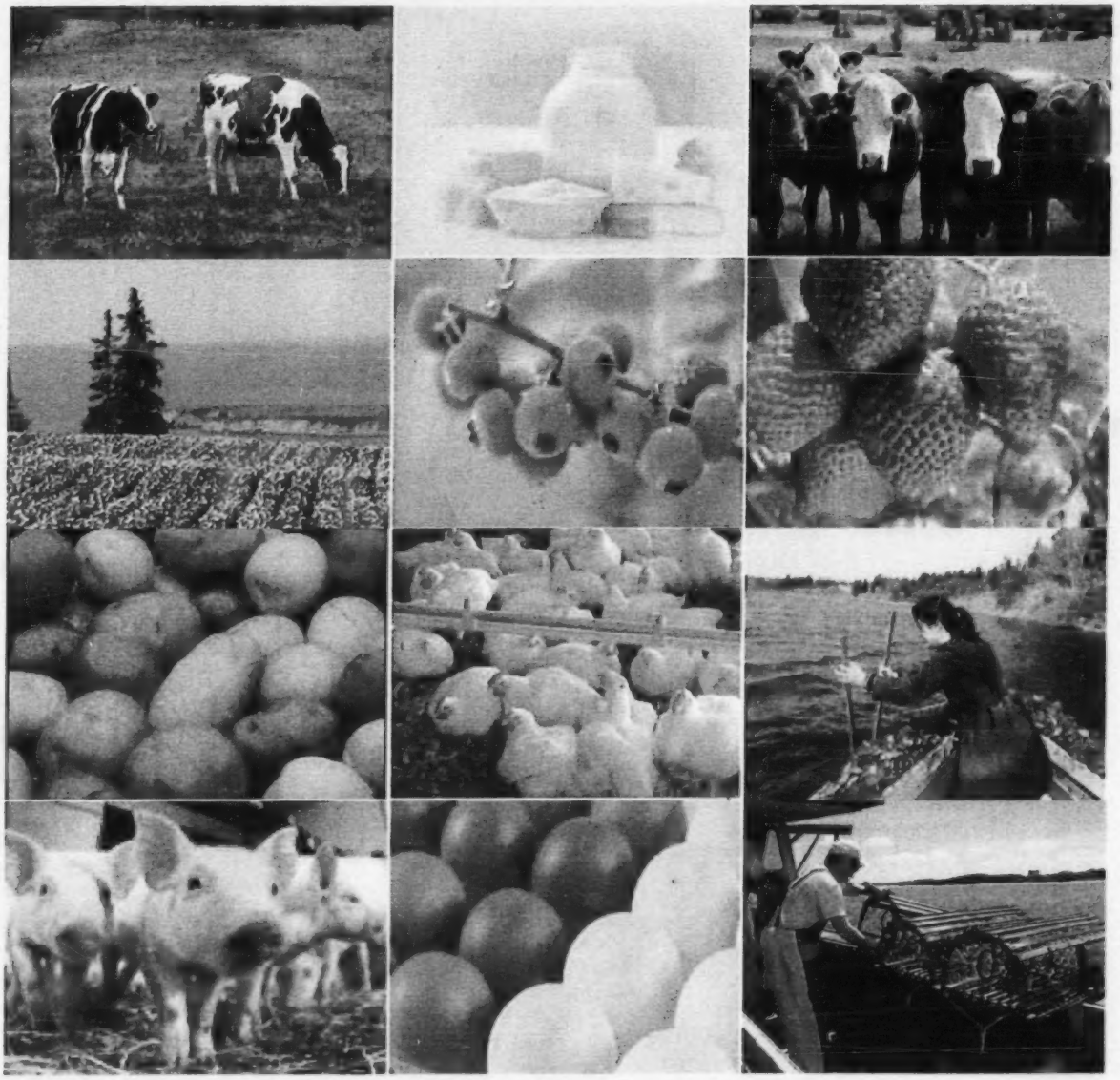
Prince Edward Island

Marketing Council



Annual Report 2015

Prince Edward Island

Prince Edward Island Marketing Council

ANNUAL REPORT

2015

For the year ended December 31, 2015

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LETTER TO THE MINISTER

February 29, 2016

The Honourable J. Alan McIsaac,
Minister of Agriculture and Fisheries

It is indeed a pleasure to submit Marketing Council's Annual Report to you for the year ended December 31, 2015 as required under subsection 2(11) of the *Natural Products Marketing Act*.

The report also contains brief summaries on the structures and activities of active commodity boards, commodity groups and the Natural Products Appeals Tribunal created under the *Act*.

Additional copies of the report are provided so you can transmit the report to the Legislative Assembly during the next session as required under subsection 2(11.1) of the *Act*.

Council had an above normal amount of activity starting off the 2015 year after having been petitioned by Island Lobster Fishers, under the PEI Fishermen's Association, to conduct a plebiscite on the formation of a Lobster Fishers Commodity Board.

The Potato Board was able to reach negotiated contract prices with potato processors again in 2015 without having to go to arbitration.

The chicken industry continued to move forward nationally to find a solution to the dispute with Alberta which has been ongoing for several years. The only substantive issue left to resolve is to establish a more equitable distribution system of birds for processing in Western Canada.

The ink is not yet dry on the Comprehensive and Economic Trade Agreement with the European Union and Canada has reached an agreement in principle to join eleven other Pacific Rim Countries in the Trans Pacific Partnership trade agreement. This agreement is much broader that just agriculture and seafood but, if ratified, will allow for more access into the Canadian marketplace for supply managed food products but opens up more access for other Canadian exports as well. Canadian legislators will have to scrutinize the long term effects that approving this deal may have on the Canadian economy.

Council had a new vice-chair appointed as well as one new member appointed in 2015. Training sessions were organized and held for all new Council members. Council is carrying out its supervisory and other responsibilities in a timely and efficient manner.

Respectfully submitted on behalf of Marketing Council,

Michael Carmichael, (Chair)	Steven Reeves, (Vice-Chair)
Derwin Clow	David Harris
Calvin Jollimore	Kathy MacDonald
Karen Roche	Layton Wallace

MARKETING COUNCIL

2015 ANNUAL REPORT

Introduction

Pursuant to section 2(11) of the *Natural Products Marketing Act, R.S.P.E.I. 1988 Cap. N-3*, each year Marketing Council is required to present a report on Council's activities to the Minister responsible for the *Act*.

The *Act* also requires that a copy of the report be transmitted to the Legislative Assembly when in session or within fifteen days of the commencement of the next regular session of the Legislative Assembly.

The following report highlights activities of Marketing Council and the Appeals Tribunal for the period from January 1, 2015 to December 31, 2015. This report also highlights important events that have occurred during the year summarizing Activity Reports generated from active commodity boards, marketing commissions and commodity groups formed under the *Act*.

Several years ago, Marketing Council completed a Strategic Plan which it continues to use to guide its focus and activities. The Plan contains the following Mission Statement and Vision.

Mission Statement

Acting on behalf of the people of Prince Edward Island, Marketing Council supervises the creation and operation of producer boards, commissions and groups that regulate and control the production, sale, processing, marketing, transportation and pricing of natural products.

Vision

The Prince Edward Island Marketing Council is a forward-thinking, pro-active, efficient and accountable public agency that oversees orderly systems for the production and marketing of natural products.

Corporate Governance

Authority - The Prince Edward Island Marketing Council is a statutory body established pursuant to section 2 of the *Natural Products Marketing Act, R.S.P.E.I. 1988, Cap. N-3.* Under the *Act*, Council has very broad and far reaching powers, some of which include:

General Powers – Council may exercise such powers and perform such functions as are vested in it by the Lieutenant Governor in Council, and shall recommend to the Lieutenant Governor in Council the establishment, amendment and revocation of plans for the marketing of natural products and the constitution and powers of commodity boards or of marketing commissions to administer such plans.

Supervisory Responsibilities – Council is responsible for the general supervision of commodity boards, marketing commissions and commodity groups established under the *Act.*

Composition – Under subsection 2(1) of the *Natural Products Marketing Act*, Council shall consist of no fewer than three persons and not more than eight persons appointed by the Lieutenant Governor in Council. New appointments were made to Council effective March 18, 2015 and June 27, 2015. At year end, Council consisted of:

Name	Position	Location	Primary Interest
Michael Carmichael	Chair	Albany	Dairy
Steven Reeves	Vice-Chair	Freetown	Dairy
Derwin Clow	Member	Freetown	Dairy
David Harris	Member	O'Leary	Potatoes
Calvin Jollimore	Member	French River	Aquaculture
Kathy MacDonald	Member	New Glasgow	Sheep
Karen Roche	Member	Vernon River	Consumer Representative
Layton Wallace	Member	Cascumpec	Potatoes

Membership Changes – In March of 2015, Jean Clark retired from Council and was replaced by Karen Roche as Council's Consumer Representative. In June of 2015, Steven Reeves was appointed as Council's Vice-Chair.

Meeting Attendance – Marketing Council has always achieved a very high attendance rate. Calendar year 2015 was no exception with an attendance rate of 85%.

Staff – In 2015, Marketing Council staff consisted of Ian McIsaac as Secretary & General Manager on a 60% time basis along with his 40% time responsibilities working with the AgriStability Program. Karen Craig, Liaison Officer with the Department of Agriculture and Forestry provided administrative support to Marketing Council and this was greatly appreciated.

Meetings/Focus – Council held six (6) meetings and conducted two training sessions during the year. Council's main focus in the first half of 2015 was conducting the plebiscite for the Lobster Fishers. Throughout the year, Council continued to monitor the activities of commodity boards and commodity groups to ensure they were in general compliance with the *Act* and their Regulations.

Operational Responsibilities

Monitoring and Supervision

One of the most important responsibilities Marketing Council has is monitoring and general supervision of commodity boards, marketing commissions and commodity groups formed under the *Natural Products Marketing Act.*

Monitoring activities include reviewing reports that highlight commodity board minutes, annual reports, audited financial statements and other material received from boards. Council representatives also attend annual and other meetings of commodity boards and commodity groups as required.

Council was responsible for monitoring and supervising the following seven commodity boards and three commodity groups during the past year. Although regulations are in place for a Turkey Marketing Commission, the Commission is inactive. The Lobster Fishers Commodity Board was established in 2015 but since they will not start to collect a levy until the 2016 season, their level of activity was very limited in 2015.

Commodity Boards

Chicken Farmers of Prince Edward Island
Dairy Farmers of Prince Edward Island
Egg Producers of Prince Edward Island
Prince Edward Island Cattle Producers
Prince Edward Island Hog Commodity Marketing Board
Prince Edward Island Potato Board
The Lobster Fishers of Prince Edward Island

Commodity Groups

Prince Edward Island Oyster Commodity Group
Prince Edward Island Strawberry Growers Association
Prince Edward Island Wild Blueberry Growers Association

Marketing Commissions

Turkey Marketing Commission (inactive)

Monitoring and Supervision Highlights

Following are highlights of Council's activities during calendar 2015.

Activity Reports

The Council Secretary & General Manager reviews and prepares Activity Reports for Council summarizing each document received from a commodity board or group. Documents reviewed during the past year include minutes, board orders, agreements, audited financial statements, annual reports and material related to federal-provincial agreements discussed at the national meetings.

Particular emphasis is placed on member attendance and participation in discussion at meetings, understanding of, and response to, industry issues, proper preparation and approval of minutes, decisions and board orders, board reviews of unaudited financial statements at least on a quarterly basis, participation in provincial, regional and national organizations and committees.

Ratification of Board Orders

During the year, Council ratified twenty-three board orders for publication in the Royal Gazette. Board Orders regulate and control various aspects of the production and marketing of a commodity based on powers conferred on a board by the Lieutenant Governor in Council. At the end of 2015, commodity boards created under the *Act* had the following number of orders in force:

Commodity Board	**# Orders**
Chicken Farmers of PEI	6
Dairy Farmers of PEI	23
Egg Producers of PEI	12
PEI Cattle Producers	2
PEI Hog Commodity Marketing Board	3
PEI Potato Board	7
Total Number of Active Orders	**53**

Commodity Board Elections

The Marketing Council Secretary & General Manager acts as Returning Officer for elections held by commodity boards required to hold mail-in-votes. During 2015, mail-in-votes were conducted to fill the following commodity board vacancies:

Commodity Board	**Vacancies Filled**
Dairy Farmers of PEI	2
Egg Producers of PEI	2
PEI Cattle Producers	2
PEI Potato Board	4
Total Vacancies Filled	**10**

Chicken Farmers of PEI and the PEI Hog Commodity Marketing Board conduct elections during the annual or special general meeting.

Appointments to Commodity Boards

Marketing Council has the authority to appoint registered producers to fill vacancies on commodity boards where an elected producer is unwilling or unable to serve.

The power to fill vacancies is normally exercised when only one registered producer expresses an interest in filling a vacancy. Generally, an election will be held when more than one producer expresses an interest in filling a vacancy.

In October of 2015, Council appointed Mr. Jason Hayden to fill a vacancy on the PEI Potato Board, as a tablestock producer in the Charlottetown District, when Mr. Irwin Jay retired from the Board.

Other Activities

During calendar 2015, Marketing Council also:

1. Created a list of mediators and arbitrators to be used to select an individual or individuals to assist in negotiating an acceptable production contract between the Potato Board and Potato Processors.

2. Worked closely with the PEI Fishermen's Association to conduct a plebiscite among Island lobster fishers regarding the formation of a lobster fishers' commodity board. A petition was received in the form of a letter summarizing the results of votes which were held across the province regarding the collection of a levy for the marketing and promotion of lobster. A list of eligible voters was compiled. A Marketing Plan (set of regulations) was drafted. Public meetings were held to discuss the Marketing Plan and amendments were made to the plan. A copy of the plan was sent to all registered voters along with a ballot. The ballots were counted the end of March resulting in Council making a recommendation to Cabinet for the establishment of a commodity board for lobster fishers. LGiC approved the formation of the Lobster Fishers of PEI Commodity Board the end of June, 2015.

3. Participated in discussions with the National Association of Agri-Food Supervisory Agencies (NAASA), an organization comprised of provincial and federal supervisory organizations and the Canadian Dairy Commission.

4. Worked with the PEI Cattle Producers on revising levy rates and improving their levy collection system.

5. Monitored the developments of trade agreements mainly the Trans-Pacific Partnership (TPP).

6. Worked with the PEI Oyster Commodity Group to improve communications between fishers and buyers and to expand levy collection. Their levy is used to enhance the wild fishery.

7. Discussed changes to the dead stock collection service with the PEI Cattle Producers. Council reviewed their revised Board Order to collect dead stock levies from cattle producers to pay their share of the total amount required to keep the dead stock service in operation. A resolution, passed at the 2014 annual meeting, to be able to implement a licensing system for all cattle buyers is an ongoing issue and may be revisited again in 2016.

8. Worked with the Chicken Farmers of PEI to improve their reporting responsibilities on submissions of their minutes, annual report and financial statements for the 2014 year to Council. This was prompted by health concerns with their General Manager. Board members met with Council on several occasions to prepare a plan to get reports caught up and back on track. This was ongoing at year end.

9. Attended several National Association of Agri-Food Supervisory Agency (NAASA) meetings, by conference call and in person, sharing ideas, challenges and solutions to issues which face supervisory bodies from time to time. Farm Products Council of Canada (FPCC) Chair M. Laurent Pellerin and staff attended as well to discuss areas of interest and ongoing efforts to solve challenges within the supply managed and non supply managed commodity production systems. Some of the challenges being dealt with by FPCC include the chicken dispute with Alberta, approving new quota allocations for egg production, transparency and reporting requirements by National Agencies.

   Avian Influenza (AI) spread throughout several states in the US in 2015. Laying hen numbers in the US in the summer of 2015 were about 270 million birds, down about 35 million below last year's levels. Because of the shortage of eggs caused by AI in the US marketplace, the Urner Barry price went up to almost its highest level ever. Since Industrial Products (IP) eggs in Canada are priced off the Urner Barry Price, the IP egg purchasers in Canada said they couldn't afford to buy the IP eggs and remain competitive. Egg Farmers of Canada (EFC) came to an understanding with IP users to sell IP eggs at a reduced price but in return, when egg prices dropped below that price, users would have to continue to pay the higher price until EFC recovered its money. Egg Farmers were able to reduce the levy they charge on table eggs significantly in 2015 due to the higher Urner Barry prices. Since almost half the eggs produced on PEI are sold into the IP program, this should be good news for consumers.

10. Continued to work with the Dairy Farmers of PEI to revise their Regulations under the *Act*. Due to the decreasing number of producers in the Eastern and Western Districts, the DFPEI Board would like to redraw the district boundaries leaving just two districts with three directors elected from the Eastern District, three members from the Western District and three members to be elected from at large.

    DFPEI has worked with dairy processors in the province to come up with a resolution to the milk allocation issue. The redrafting of district boundaries, as mentioned above and the creation of a milk allocation policy is taking a considerable amount of time and discussion but there

have been many other important issues on the table for the dairy industry to deal with in 2015. These included the Trans Pacific Partnership which at one point was rumored to offer up as much as 10% more access for imports to the Canadian market and an increase in the structural surplus to more than 100,000 tonnes of skim milk powder. This huge surplus has been created due to higher market demand for butterfat and lax enforcement of border controls on imported dairy ingredients. As well, due to a lack of processing capacity, there were over 26 million litres of skim milk that could not be processed in the P5 in 2015 which ended up receiving special treatment.

PRINCE EDWARD ISLAND
NATURAL PRODUCTS APPEALS TRIBUNAL

Statutory Responsibility
The Natural Products Appeals Tribunal is a statutory body established pursuant to section 18 of the *Natural Products Marketing Act, R.S.P.E.I. 1988, Cap. N-3.*

The Tribunal is responsible for hearing appeals of orders, directions or decisions made by commodity boards and marketing commissions and of orders, directions or regulations made by Marketing Council.

Composition and Staff
At December 31, 2015 the Natural Products Appeals Tribunal consisted of the following members and staff:

Donald Drake, Member
Nelson MacKinnon, Member
Brian Morrison, CA, Member

Mary Kinsman, Secretary

Appeal Activity
For the year ending December 31, 2015, there were no appeals before the Natural Products Appeals Tribunal.

Dairy Farmers of Prince Edward Island

Mandate/Powers – The powers of Dairy Farmers of Prince Edward Island are found in section 2(3) of Dairy Farmers of Prince Edward Island Regulations. This section vests in the Board the powers necessary for it to effectively promote, control and regulate the marketing of milk within the province, including the power to prohibit any aspect of the marketing of milk. The Board has also been delegated federal powers to regulate the marketing of milk in interprovincial and export trade under the *Agricultural Products Marketing Act* (Canada).

Dairy Farmers of Prince Edward Island is participating, with its partners, in the Agreement on Eastern Canadian Milk Pooling (P5) to jointly administer producer quota policies. A committee of the P5 provinces (PEI, ON, QC, NB & NS), makes recommendations on producer quota issues to the provincial boards, which retain the power to implement the policies.

Board of Directors and Staff – at December 31, 2015 consisted of the following:

District Directors:	
West Prince	Harold MacNevin, Chair; Kent Rennie
Summerside	Ronald Maynard, Secretary; Ranald MacFarlane
Charlottetown	Jeff Weeks, Vice-Chair; Gary Hughes; Gordon MacBeath
Montague-Souris	Kent MacDonald; Jayne MacDonald
Management Staff:	Douglas Thompson, General Manager

Industry Statistics – At 31 December 2015, there were 11,813.71 daily kilograms of butterfat quota issued to 176 active producers, representing a decrease of 3 producers or -1.7% compared to the same date a year earlier.

During the 2015 fiscal year (ended 30 November 2015), PEI dairy farms produced 102.89 million litres of milk, approximately 3.94 million litres more than the previous year's production. This generated farm gate receipts, net of transportation costs and levies, of $79.24 million, a decrease of approximately $680 thousand dollars or -.86% compared to the same period one year earlier.

Activities –During the year, the Board:

- ⇒ administered producer quotas, including the quota exchange, lease exchange and lease contracts;
- ⇒ administered policies for the production and transportation of raw milk;
- ⇒ administered policies for the licensing of transporters, bulk milk graders/transport vehicle operators, fluid milk distributors and dairy plants;
- ⇒ provided milk component test results to producers;
- ⇒ responded to interprovincial milk movement obligations;
- ⇒ established producer milk prices and minimum wholesale and home delivery fluid milk product prices;
- ⇒ administered the Canadian Quality Milk on farm food safety program;
- ⇒ established bulk milk transportation rates; and
- ⇒ participated in numerous provincial, regional and national committees.

Mandate/Powers – Section 39 of the Egg Commodity Marketing Regulations confers on the Board the powers to promote, control and regulate the marketing of eggs within the province, including the power to prohibit any aspect of the marketing of eggs. The only powers in the Act not conferred on the Board are those found in subsections 4(3) (r), (s) & (t). The Board has also been delegated federal powers to regulate the marketing of eggs in interprovincial and export trade under the *Agricultural Products Marketing Act* (Canada).

Board of Directors: At December 31, 2015, the Board of Directors consisted of John Dennis, Chair; Ian Simmons, Vice-Chair; Nathan Burns, Secretary, Leith Murray Egg Farmers of Canada (EFC) Director and Peter Stavert.

Management Staff: Michael Cummiskey is the Board's General Manager, Julie McCarron is Office Administrator and Janis MacKay is Promotion Coordinator.

Industry Statistics – Seven (7) producers were registered with the Board at year end. Quota issued or available to registered producers was for 139,355 layers. Farm Gate Receipts from registered producers during 2015 is estimated to be $6.76 million compared to $6.44 million during 2014, an increase of 4.97% mainly due to more layers being in production in 2015 compared to 2014.

Of the 3.65 million dozen eggs marketed during 2015, 49.28% were consumed as table eggs in PEI and the Maritimes and the remaining 50.72% were exported to Nova Scotia for the table market or sold to Quebec and Ontario for processing. Between January and October, grading stations reported that it imported an additional 23,700 dozen eggs to supply the table market, a decrease from the 70,815 dozen imported during 2014.

Registered egg farms are rated on a HACCP based, Start Clean-Stay Clean (SCSC), food safety program and Egg Farmers of Canada Animal Care Program. Scores achieved by producers during an independent SCSC inspection are used to determine the compensation producers will receive for eligible losses in the event a flock must be destroyed due to a human health risk associated with salmonella enteritidis (Se). Commercial pullet farms and registered egg farms have their egg laying environments tested for Se once and twice respectively per laying cycle.

The Egg Producers of Prince Edward Island continue to purchase administrative support services from the Dairy Farmers of Prince Edward Island Board.

Activities – The Board was involved in the following activities during the year:

- held three face to face board meetings and three conference calls in order to discuss and make recommendations on national, provincial, and producer issues;

- held an Annual General Meeting to review the previous year's financial statements and report on the previous year's activities;
- attended one Atlantic Directors' meetings to discuss potential changes to animal care and quota allocations;
- the Board met with Laurent Pellerin, Farm Products Council of Canada to discuss quota allocations, egg consumption and EFC initiatives to decrease levies;
- the Board Chairman, Board Manager and Egg Farmers of Canada (EFC) director and other directors participated in various EFC meetings and committees of EFC;
- established producer, spot and wholesale egg prices;
- allocated and administered producer quotas, quota credits, producer leases and quota transfers;
- collected levies and service fees on quota allocations and made payments to EFC on behalf of registered egg producers;
- purchased and sold surplus eggs from registered egg grading stations and sold them to EFC through its Industrial Products Program;
- participated in the Canadian Egg Industry Reciprocal Alliance (CEIRA) - poultry insurance program for Se, which provides coverage from breeder flocks to spent hens;
- reviewed various EFC documents and prepared comments in regards to proposed changes to EFC's Animal Care and SCSC program;
- informed producers about changes to EFC's SCSC and Animal Care Program;
- participated in various promotion activities and attended various venues throughout the year in order to increase consumer awareness and the benefits of egg consumption.

PRINCE EDWARD ISLAND
CATTLE PRODUCERS

The PEI Cattle Producers (PEICP) held their Annual Meeting on April 7, 2015. Board members include Brian Morrison, Jeremy Stead, David McCloskey, Sterling Jay, Kenneth MacEachern and Derrick Annema. Ex-Officio Director, Ranald MacFarlane represents Dairy Farmers of PEI.

In April of 2015 the PEICP launched its fifth annual PEI Burger Love campaign. This campaign was established to raise the awareness of the importance of the PEI beef industry to agriculture and to PEI in general. This social media campaign saw an increase in all aspects of the campaign from the previous year. Sixty restaurants sold over 145,527 hamburgers during the month of April, again surpassing the number of burgers sold the previous year. The 2015 PEI Burger Love's most loved burger was the Cabbage Patch, from the Home Place, another first time participant in the campaign.

The PEICP continues to deliver the VBP program in the Atlantic Provinces by providing information and workshops. We have seen a large increase in the number of animals that are Age Verified, as we continue to offer third party Age Verification to producers. The Livestock Development for Beef was delivered through the PEICP once again. Funding for this program is provided through Growing Forward II and offers qualifying producers money for premium sires, genetic heifer renewal, seed-stock testing, RFID reader purchases, scales purchases, and components of feed efficiency. Funding for handling facilities was reoffered again this year.
The PEICP coordinates the *Prince Edward Island Certified Beef* brand. This role is to communicate between the producers and Atlantic Beef Products to ensure the animals meet brand specifications and that supply is keeping up with the demand. To date, there are approximately twenty-four feedlots and seventy-four cow-calf producers participating in the brand. This is a premium brand that demonstrates continuous growth in demand.
The PEICP continues to administer the deadstock removal service to beef producers. The service is cost shared with Dairy Farmers of PEI and the Province, who contributed $350,000.00 to the service. The remaining cost of $850,000.00 has to come from industry. There has been uptake of just over 50% of all beef producers, however; this group represents a higher percentage of production. Those who did not pay are not eligible for any programs or services offered to PEI producers, and must deal with deadstock removal themselves.

The PEICP is a member of the Maritime Beef Council (MBC). The council represents the three Maritime cattle organizations on various issues. Quarterly meetings were held throughout the year, with the annual meeting taking place on Sept 9, 2015. The MBC continues to work on various issues that affect producers from the region such as harmonized levies, traceability and research. The MBC hosted a Maritime Beef Conference in March, 2015 in Moncton, NB and is planning another for March 18-19, 2016. The conference had terrific speakers and was well attended with very positive feedback from participants.

Atlantic Beef Products has been consistently processing 400 head per week. This includes fats as well as culls cows and lean Holsteins. ABP has a growing demand for ground beef so they are encouraging more producers to raise Holstein steers to supply them with lean animals for ground beef. Some producers have chosen to finish dairy steers and heifers, and while this sector is expanding, ABP has been busy developing a payment grid aimed to set more equitable prices.

A Humane Handling course was delivered to producers by Jane Morrigan of NS. This practical overview was a great reminder of why we need to keep animal welfare top of mind. Producers on the Certified Island Beef brand are required to take this training.

The PEICP finances its operations through the collection of a mandatory, non-refundable, levy of $4.00 per head, collected at the time of slaughter. During 2014, $64,000.00 in levies was collected from producers. In recent years, the costs of running the organization has continued to climb while the number of levies collected declined. During the 2015 Fall District Meetings, the PEICP presented its concerns with the help of national representatives from the Canadian Cattlemen's Association, Canada Beef and the Beef Cattle Research Council. An increase in the cost of levies is necessary to meet the PEICP's administrative needs as well as its obligation to the CCA and Canada Beef. The PEICP is planning to disclose its revised levy collection plan at its Spring District Meetings. Licenses for buyers may be required in order to capture levies on cattle leaving the Province. If this is the case, it is almost certain a plebiscite will be required.

We are pleased to have Ivan Johnson represent PEI on the Executive of the CCA Board and to have John MacDonald as our representative on the Board of Canada Beef.

Respectfully submitted by:
Rinnie Bradley, Executive Director of the PEI Cattle Producers.

Mandate

The powers of the Board to regulate and control the marketing of poultry in Prince Edward Island are found at section 38 of the Poultry Meat Commodity Marketing Regulations. The Board has also been delegated federal powers under the *Agricultural Products Marketing Act* (Canada) to regulate the marketing of Prince Edward Island chicken in interprovincial and export trade.

Board of Directors:

At December 31, 2015 the Board of Directors and staff was comprised of the following:

Dean Good, Chair
Katherine MacPhail, Vice Chair
Andre Merks, Secretary/Treasurer
Andrew MacPhail, Director
Barry Uyterlinde, CFC Rep.

General Manager

Janet Hilliard-Murphy

Industry Statistics

In 2015, eight farmers shipped approximately 2.3 million chickens with farm gate receipts of approximately $8.3 million, down considerably from the previous year. The marked decrease in total receipts was due to reduced live price because of lower feed costs.

Activities

The Board reported on the following initiatives and activities during the year:

- Allocation of Quota to Producers;
- Differential Growth, Antimicrobial Usage, Public Relations Strategy, etc;
- Participation on provincial, national and regional committees, including Chicken Farmers of Canada;
- Chicken farms on PEI continue to maintain their 100% certification status for the On-Farm Food Safety Program as well as their certification for the Animal Care Program;
- The Trans Pacific Partnership trade agreement will shrink our domestic market from 7.5% to 10%, while committing to close current loop holes;
- A new operating agreement is underway which has yet to be signed by B.C. and Saskatchewan governments;
- Category I antibiotics have voluntarily been dropped from our use; and
- PEI now ships to two processing plants: Eden Valley Poultry Inc. located in Nova Scotia and Sunnymel located in New Brunswick.

PEI Hog Commodity Marketing Board

Mandate/Powers – The mandate and powers of the Hog Commodity Marketing Board are found in the Hog Commodity Marketing Regulations. Section 40 of the Regulations vests in the Board the powers necessary to enable the Board to promote, control and regulate the marketing of hogs within the province, including the power to prohibit any aspect of the marketing of hogs. The Board has also been conferred federal power to regulate the marketing of Prince Edward Island hogs in interprovincial and export trade under the *Agricultural Products Marketing Act* (Canada).

At December 31, 2015, the board and staff consisted of the following:

Board of Directors

Paul Larsen, Chair
Dale Murray, Vice-Chair
Scott Dingwell, Secretary
Scott Drake, Director
Ian Shaw, Director
David MacKenzie, Director

Executive Director – Tim Seeber

Industry Statistics - The Board reported that 19 hog producers marketed just under 60,000 finished hogs during 2015 with a farm gate receipt value of approximately $10.85 million. Again the number of hogs is relatively static from 2014 but the value of the hogs marketed was lower by almost $3.4 million which is a decrease of over 24% from the previous year when Porcine Epidemic Diarrhea (PED) drove supply down and markets up. Isowean shipments on the other hand, increased from 2,400 in 2014 to 13,074 in 2015. This number is expected to increase marginally again in 2016. With the status of a couple of larger production sites in question, the forecast for 2015 is for market hog numbers to potentially decline to around 50,000.

Including breeding stock, isowean, weaner, and feeder pig sales, the 2015 total number sold was approximately 77,860 which is a 17% increase over 2014. These figures do not include approximately 2,000 hogs that are processed through provincial establishments annually.

During 2015, the Canadian swine herd avoided a resurgence of PED through diligent bio-security. Though only Saskatchewan has witnessed any expansion of hog production in Canada of late, the control of PED and steady market pricing in 2015 has stimulated some increased production in the United States and combined with tight slaughter space in USA, market pricing is anticipated to see downward pressure for 2016 until 2 new plants come on-stream sometime in 2017.

Mandate: The Lobster Fishers of Prince Edward Island was constituted a Commodity Board under subsection 4(2) of the Act on July 4, 2015. The mandate of the Board is to collect funds from fishers that hold core lobster licenses on Prince Edward Island. The funds collected are to be used for the marketing and promotion of Prince Edward Island lobster. All the powers conferred on the Board can be found under section 28 of the Lobster Commodity Board Regulations.

Board of Directors and Staff: Since the levy does not come into effect until the spring of 2016, the current PEIFA Board of Directors has been acting in a caretaker capacity.

Elections for Board members for 2016 are now complete and a transition to the elected Board will take place in early 2016.

The Current Board Members are as follows:
President: Craig Avery
Southern Kings and Queens Fishermen's Association
Bobby Jenkins
Wayne Campbell
Prince County Fishermen's Association
Lee Knox
Shelton Barlow
North Shore Fishermen's Association
Mitchell Jollimore
Jamie Gauthier
Central Northumberland Strait Fishermen's Association
Malcolm Ferguson
Lorne MacLeod
Eastern Kings Fishermen's Association
Tony Carter
Peter Boertein
Western Gulf Fishermen's Association
Francis Morrissey
Gary Rafferty

Levy Collected: No funds were collected by the Lobster Fishers of Prince Edward Island Board in 2015. No marketing activities were co-ordinated by the Lobster Marketing Board in 2015. In future, levy funds may be allocated for separate harvester promotions or used in conjunction with levies collected by the PEI Seafood Processors and buyers. The PEI Lobster Marketing Board may choose to participate in regional promotional efforts promoting Canadian Lobster however these decisions will be up to the newly elected Board of Directors.

PRINCE EDWARD ISLAND POTATO BOARD

Mandate – General and specific authority for the Potato Board to regulate and control the production and marketing of potatoes in Prince Edward Island is found at section 45 of the Potato Marketing Plan Regulations.

Board of Directors and Staff – at December 31, 2015 consisted of the following:

District Directors

West Prince
Darryl Wallace, Secretary/Treasurer
Glen Rayner
Kirk Shea

Summerside
Fulton Hamill
John Hogg
David Francis

Charlottetown
Alex Docherty, Chair
Donald Godfrey
Jason Hayden

Montague/Souris
Owen Ching
Wayne Townshend
Rodney Dingwell, Vice-Chair

Management Staff: Greg Donald, General Manager.

Industry Statistics – Approximately 250 farmers grow potatoes on Prince Edward Island. Potato receipts remained unchanged at $184.8 million in the first three quarters of 2014 to $184.8 million during the same period in 2015. Farm cash receipts (FCR) for potatoes totaled $236.0 million for the full year 2014, which represented 49.5% of FCR for PEI. Island potato farmers harvested 24.9 million hundredweight of potatoes from 89,000 acres harvested in 2015, compared to 25.2 million hundredweight of potatoes from 90,200 acres harvested in 2014. The 2015 potato crop was largely average in terms of yield, with yields somewhat limited due to lack of moisture in the summer months. Tuber quality looks to be generally good, with some growers experiencing challenges with scab or other issues.

Prices for tablestock potatoes are very similar to prices received for the 2014 crop. Large yields of potatoes in Quebec, New Brunswick and Maine have slowed demand for PEI Potatoes in several of our primary markets. Nonetheless, total movement is on pace with movement from the last marketing season, with increased export sales compensating somewhat for slower movement within Canada.

Activities – The Board undertook and/or completed several initiatives in 2015:

Unfortunately, a major issue the industry faced in 2015 was the continuing fallout from potato tampering first identified in the fall of 2014. Additional cases were identified in 2015 from the 2014 crop year, and the Board moved quickly to respond to this issue. In partnership with the provincial government via Growing Forward II, a program was developed to assist growers and packers with purchasing foreign material detection equipment following a review of available technology by a consultant. Following this, the federal government subsequently announced a further $1.5 million, combined with a further $500 thousand from the provincial government, toward the purchase of equipment, the cost of integrating equipment into grading lines as well as improving security on farms. The PEI Potato Board, on behalf of Island growers, packers and processors, is extremely grateful to both levels of government for their support during this trying year. In addition, a combination of growers, industry partners, provincial government, and private individuals contributed to a fund established to offer a reward for information leading to the arrest and conviction of the person or persons responsible for potato tampering. This reward reached a maximum value of up to $500,000 but did not result in significant leads resulting in an arrest. Nonetheless, the Board wishes to thank all who contributed to this effort, as well as the RCMP and Islanders who helped keep an eye on fields and farms this year.

□ In an effort to position PEI Potatoes as a recognized and sought after brand, the industry was proud to unveil a new logo and new packaging design in 2015 after a process of market review, design and testing. New packaging designs are being used by a number of packers and the Board has received very positive comments on the new packaging from national retailers. In addition, the Board is promoting the use of the new PEI Potatoes logo on private packaging employed by individual packers, with a number of packers already incorporating this new brand mark. Over time, it is expected that these updated designs and branding will make Prince Edward Island Potatoes more visible in the marketplace and lead to increased demand and sales, and thereby also increase the consumption of fresh PEI Potatoes.

□ The Board continues to be active on social media, with over 9,800 likes on Facebook and more than 4,800 followers on Twitter. A new "Where To Buy" initiative launched on Facebook in 2015 shows promise for notifying consumers on where they can find PEI Potatoes for sale near them. The industry continues to sponsor a number of local festivals and events.

□ A major success this summer was the first PEI Potato Social, held in August at Monaghan Farms in Norboro. Based on an idea from a potato grower, this was an opportunity to thank the Island public for their support over the past year as well as engage Islanders in conversation about potato farming and where their potatoes come from. More than 1,300 people attended the Social, which included a free barbeque lunch, baked potatoes, a fry wagon, games for kids, and live entertainment.

□ In an effort to sustain a viable and expanded seed industry on PEI, the Elite Seed Farm continues to produce early generation seed for Island growers and continued improvements to production are ongoing. Seed production at the Elite Seed Farm grew in 2015, and virus results were very low. Province-wide virus levels in 2015 seed potatoes appear to be good based on results of post-harvest tests, giving Island seed growers a good crop to market for 2016 plantings. The 2014 seed crop had excellent results from the post-harvest test. The Board is also involved in local variety trials with sponsorship form the AAFC Horticulture Cluster Research Project funding under the Growing Forward II fund. The purpose of these trials is to help growers identify new varieties with potential for seed, table and processing markets. Costs of seed production, unpredictability of markets, year to year variation in virus spread and

increased testing costs for PCN and potato wart continue to be issues of concern for the seed potato sector.

□ Changes in CFIA operations are also a challenge for seed and table growers with the closure of the CFIA office in Borden being one example. The Board continues to try to work with both provincial and federal levels of government as well as with the Canadian Potato Council to maintain and improve the inspection services provided by CFIA. Regarding seed export, an incoming phytosanitary mission from Uruguay was a positive initiative in 2015. The Board hopes to be able to continue with those kinds of efforts to maintain and improve access in international markets.

□ The Board continues to invest in research projects aimed at improving return for Island growers as well as improving the economic and environmental sustainability of our industry. Wireworm continues to be a major research priority for growers, along with addressing yield variability, storage optimization, variety evaluation, crop rotations, nutrient management, and more. A successful Wireworm Research and Extension Seminar was held in March with strong attendance, and the Board also became a partner on a large research initiative with Potatoes New Brunswick and Agriculture & Agri-Food Canada on improving soil health and improving potato yields. Additionally, the Board continues to support and promote Fertilizer Canada's Farming 4R Island Nutrient Stewardship initiative in collaboration with the Federation of Agriculture, the provincial government and the Kensington North Watershed Group.

□ The Board continues to be active in working with the Department of Agriculture and Fisheries on a number of projects to foster growth and prosperity for the potato industry in PEI. An agreement was reached for the industry to take over responsibility for disinfection services, and a number of grower information seminars have already taken place as part of this program. The Board made a presentation to the Standing Committee on Agriculture and Fisheries in November 2015 and Board representatives also made a presentation as part of the Water Act consultations late in 2015.

□ As part of ensuring timely negotiations of profitable contracts, a professional facilitator was used again in 2015 for contract negotiations between Cavendish Farms and processing growers. This resulted in a contract being agreed upon without going to binding arbitration with Cavendish Farms. Contracts with McCain's were also settled without arbitration in 2015. The Potato Processing Committee continues to be active in collecting information from across North America as well as representing Island processing growers in negotiations with processors, with a long-term objective to continue diversification and expansion of contracted volume for Island growers.

□ Continuing efforts are put into ensuring that our exporters and dealers meet license requirements. Licenses are renewed each year at the end of July. As well, the Board continues to collect shipment volume and price information which it is able to supply to growers and dealers in summary form each week. This information is complemented by information we receive as a member of United Potato Growers of Canada. UPGC works closely with its sister organization, United Potato Growers of America, to provide bi-national market intelligence. These efforts are made to provide growers with as much information as possible to enable them to get the best return available from the marketplace.

□ The Board continued to work with Agriculture & Agri-Food Canada, the Canadian Food Inspection Agency, the PEI Department of Agriculture & Fisheries, and other agricultural groups such as the PEI Federation of Agriculture and the Canadian Horticultural Council on issues of importance to the industry.

Prince Edward Island Oyster Commodity Group

Mandate: Since 2002, the Minister of Agriculture, Fisheries, Aquaculture and Forestry designated the PEI Oyster Commodity Group (OCG) as a commodity group under Part III - *PEI Natural Products Marketing Act*. And further is identified as a Certified Fishery Organization under the *Chapter C-2.1 PEI Certified Fisheries Organizations Support Act 2004.* Pursuant to the *Natural Products Marketing Act (R.S.P.E.I. 1988, Cap. N-3): Section 7 (3)(a);7(3)(b); and 7(3)(c)* requiring all persons who sell and market oysters to pay a one (1) time payment of $50.00 per year for sale of product to PEI Oyster Commodity Group.

Traditionally, the OCG was formed to collect funds from licensed oyster fishers & leaseholders to be partnered with Provincial Government funds to develop and enable the sustainability of the Oyster Development Program. This successful partnership administered by the PEI Shellfish Association, in partnership with PEI Department of Agriculture & Fisheries is known nationally as a "signature" program with great success. The wild public shellfishery in Prince Edward Island remains the only traditional, sustainable shellfishery in Canada. As some would identify this fact as troublesome, we identify this fact as a tremendous honor and privilege. We harvest our public fishing grounds and replenish annually ensuring a successful future.

As the ever changing PEI oyster industry evolves, so must the concentrated effort of education and communication. The OCG has continued to realize an increase in the levy payment/collection in 2015. Our industry as a whole, views this levy as an avenue to perhaps explore additional industry driven marketing initiatives moving forward. Such initiatives are being explored with implementation planned to commence in 2016.

The Island's wild public fishery continues to satisfy 75% of current market demand and as such, continues to promote good public relations, fair practices and high standards in the oyster industry. It will be through continued education, communication as well as successful collections that the OCG will be enabled to assist PEI SA in the deliverance of such programs as defined by industry in partnership with provincial & federal governments relative to the oyster industry. Engagement, discussion & communication will be our strengths moving forward.

Fishing season 2015 was an extraordinary year given the unusual weather conditions resulting in a delay in the opening of the season (never before on PEI within the oyster industry). A large part of the spring & fall seasons experienced closures. Scheduling of formal meetings remained a challenge due to the fact that when areas were opened, harvesting became the priority. The OCG relied heavily on technologies as a result. There were three formal meetings of OCG between April 1, 2015 and December 31, 2015. Paula Walfield relayed relevant information between meetings via email. The Oyster Group met immediately after PEI SA AGM in March and other meetings were held throughout 2015 in an effort to maintain regularity & continuity. A positive approach was maintained by Board members within their own areas in order that all industry participants could become better informed. Accountability and transparency remain the key issues in the promotion of the collection of the annual levy as well as instilling a positive will by all industry participants to ensure their fee is collected and remitted to the OCG in a timely manner.

Oyster Commodity Group Members at December 31, 2015:

1 Year Term:	2 Year Term:	3 Year Term:
James Wagner	Brenda Campbell	Chris Bernard
Nic Coughlin	Stan Casey	Scott Dennis
Lori Murphy	Murray Perry	Alan Acorn

Administrative Support: Paula Walfield

Levy collection efficiency methods continue to be explored by all parties involved. The major area remains the unknown as to whether individuals have paid their annual fee to other processors. There have been successes in this area but as oftentimes is the case - challenges as well. Each processor is as individual as our fishers. The list of processors/collections is a reflection of that fact. Many have opted to collect from everyone; many remain resistant and in general believe that the sections of the Act as indicated in paragraph 1 above do not apply to them. Levy collection continues to be a work in progress.

The OCG has revised its receipt book; there is now a clear record of which processor has a certain receipt book by the receipt numbers. A complete list of names including contact information has been developed in 2015 – an easier method to keep membership informed. Efforts remain ongoing to initiate a more universal clause within the fisher declaration. In 2015 we realized that some processors were eliminating the clause altogether. Our goal remains to have a standardized form & question in place by May 2016 but this may require adjustment.

Levis Collected: The 2015 fee collection remained status quo with 2014. During 2015, levies valued at $15,000. were received by OCG from 300 harvesters/producers.

Pursuant to the *Natural Products Marketing Act,* fishers who do not wish to pay the levy may serve notice on the OCG that the levy not be deducted. Fishers may also apply to the Group for a refund if the levy has been deducted. An information sheet is available & circulated. Of the 307 fees received to date, there were no requests for fees to be returned. However, seven fishers were found to have clearly paid the levy twice, therefore, as is our practice, a refund cheque was issued immediately. Net funds of **$11,111.11** were remitted to PEI SA, being the full amount of 10% industry contribution relating to Enhancement 2015 contract.

It will be through continued partnership and positive dialogue with processors, producers large & small as well as the public fishery that OCG will remain successful in our main objective "to promote and protect the interests of all industry players as well as assist in the production, research and marketing of quality Malpeque oysters and to encourage efficiency in all branches of the industry.

2015 Principal Activities:

- Enhancement of public oyster beds across PEI, this will be industry driven in partnership with PEI Department of Agriculture & Fisheries & the PEI Shellfish Association;
- Representation of industry concerns: Conservation & Protection; Malpeque Bay Expansion & Multi Species Issue; Environmental Issues; etc.;
- Promotion/Payment/ Collection of levies: by all industry participants;
- Strategic Planning Initiative: to hold industry meetings with members to identify & clarify priorities;
- To continue efforts: to seek out opportunities for future partnerships and relationships to ensure our Prince Edward Island oyster industry flourishes well into the future!

Prince Edward Island Wild Blueberry Growers Association

Mandate - The Prince Edward Island Wild Blueberry Growers Association was designated a commodity group under Part III of the *Act* on August 10, 2001.

Board of Directors - On December 31, 2015, the Board consisted of:

John Handrahan, President
Stephanie Compton, Vice President
Tom Matheson
Rob MacLean
John MacDonald
Bill Harper, Treasurer
David MacNearney, Secretary
Kevin Carver
Colin MacAulay
Executive Assistant - JoAnn Pineau

Industry Statistics: In total, PEI produced 27,897,006 lbs of blueberries in 2015. This includes a 1% estimate of fresh fruit. In comparison, PEI produced 22,741,762 lbs in 2014 and 16,183,752 lbs in 2013.

Levies: An annual levy of $0.008 per pound is collected from wild blueberry growers by processors. During 2015, approximately $130,000 in levies was remitted to the Board. The Wild Blueberry Association of North America (WBANA) receives 62.5% of the levy and uses it for generic promotion and health benefit research

Activities: In the past year the PEI Wild Blueberry Growers Association (PEIWBGA) continued to be engaged in a broad range of educational, promotional, research and industry advocacy activities. The Association continues to work toward achieving the goals set in its five year business plan.

Education and Communication: The PEIWBGA continues to hold producer information sessions, demonstrations and tours in cooperation with Chris Jordan, Berry Crop Development Officer with the PEI Department of Agriculture & Fisheries.

The 2015 PEI Blueberry Information Day and Annual General Meeting of the PEIWBGA had a significant turnout with more than 100 attendees. A wide range of presentations focused on issues such as pesticide enforcement, reducing spray drift, Sclerotinia Berry Drop, leaf spot diseases, creeping perennial weeds, global blueberry market changes, Asian markets, sucking bugs, and pollination.

The Association hosted the PEI Blueberry Workshop Series on July 29-31 in Tignish, St. Peters, Rollo Bay and Mount Vernon. Sixty-four attendees took in a variety of key topics such as blueberry fertility, pest identification and pesticide timing, as well as pollination, presented by qualified individuals with a vast

background in nutrient management, crop scouting and the wild blueberry industry as a whole.

PEIWBGA also supported the Atlantic Farm Women's Conference held in Nova Scotia.

The PEIWBGA has agreed, along with the wild blueberry associations of NS and NB, to support the Honey Bee Tech Transfer Project. This project will bring a team of experts to the Maritimes to educate participating bee keepers in modern best management practices. PEIWBGA's contribution will be $4300 in addition to the $800 it contributes annually to the PEI Bee Keepers Association.

PEIWBGA augments its educational activities with active use of newsletters, a website, Facebook and Twitter.

Research: A central objective of the PEIWBGA is to facilitate research initiatives that benefit the wild blueberry industry as a whole. PEIWBGA continues to fund research projects at the Dalhousie Agricultural College and the Organic Federation of Canada. This year the Association aided research initiatives on the effects of early pollination, fescue management and Atlantic honey bee pollination, as well as a market study (with the Associations of NS, NB and Quebec). The PEIWBGA will continue to address issues of importance to the industry and welcomes input. The research budget was over $47,000.

Promotion: The Association, in cooperation with the other three growers associations of NS, NB and Quebec and the major processors, continues to fund national and international promotions through Wild Blueberry Association of North America (Canada). This organization funds promotional activities in major export countries, including the US, EU, Japan and China; WBANA also hosts information tours for visitors from those areas which PEIWBGA participated on the PEI portion.

WBANA Canada also, in cooperation with its sister organization WBANA US, funds ongoing research into the health benefits of consuming wild blueberries. The PEIWBGA's promotional budget was $130,700 in 2015.

Advocacy: PEIWBGA is a proud member of the PEI Federation of Agriculture, with whom it cooperates to advocate for its own sector and all of PEI agriculture. The PEIWBGA participates in national advocacy as a member of the Canadian Horticultural Council. Delegates attended that organization's annual meeting, and members participate on two of the active working groups. PEIWBGA also made a submission at the Province's Water Act consultations.

Our Executive Assistant, JoAnn Pineau, continues to provide the PEI Wild Blueberry Growers Association with day to day management of operations in addition to acting as an Industry Development Officer for the PEI Federation of Agriculture.

2015 has been a year of significant advancements and PEIWBGA are looking forward to hosting the 2016 Blueberry Information Day and AGM on April 5th.

The PEI Strawberry Growers Association

Mandate

The Prince Edward Island Strawberry Growers Association was designated as a commodity group under Part III of the *Natural Products Marketing Act* on July 3, 2013.

Board of Directors

As of December 31, 2015 the Board was as follows:
President: Arnold Nabuurs
Vice President: Alan Rennie
Treasurer: Claude McCardle
Secretary: Cheryl Good
Member at large: Willem VanderLeeuw
Strawberry Growers Representative on the PEI Federation of Agriculture Board: Willem VanderLeeuw

Levies

A twenty dollar membership fee was established by the Association. In addition, a refundable levy of five dollars per thousand strawberry plants purchased was put in place for all growers who purchased one thousand or more plants starting in 2014.

Principal Activities

The PEI Strawberry Growers Association was reorganized primarily to respond to an initiative by Québec strawberry producers to form a national strawberry marketing (research and promotion) agency. Our Association continues to monitor progress by our colleagues in Quebec in their efforts to establish this agency. Our Association sees merit in this project because it would bring some order to the importation and marketing of foreign strawberries in Canada. The proposed agency would also generate some revenue by way of a levy on imported and domestic strawberries to be used for much needed research and promotion activities.

Our industry experienced an average to better year in 2015. We continued to monitor aphid levels in our fields. This work was made possible with financial assistance from the PEI Department of Agriculture and Fisheries. Aphid control has become an important part of strawberry management because aphids transmit the various viruses that can be so devastating to the strawberry crop.
We also continue to monitor other pests such as the spotted winged drosophila and powdery mildew, both of which can do serious damage to strawberries.

Industry Challenges

Marketing continues to be a challenge as our product is routinely used as a loss leader item by our large food retailers. Over supplies of strawberries from other areas of the Maritimes are often delivered to Island stores when Island product is available. This practise essentially excludes Island growers from our Island market and it deprives the local consumer of locally grown strawberries in season.

Prince Edward Island Marketing Council

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420 University Avenue

Charlottetown, PE C1A 7Z5